

NOTICE OF PROPOSED RULEMAKING ACTION

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Sections 7051 to 7071

Title 4, Division 10

California Code of Regulations

NOTICE IS HEREBY GIVEN that the California Health Facilities Financing Authority (the "Authority"), organized pursuant to Section 15431 of the Government Code and operating pursuant to Sections 1179.50 through 1179.72 of the Health and Safety Code (the "Act"), proposes to adopt the proposed regulations described below relating to the Children's Hospital Program.

Proposed Regulatory Action

The Authority proposes to adopt Section 7051 through Section 7071 of Chapter 2 of Division 10 of Title 4 of the California Code of Regulations (the "Regulations"). The Regulations implement the Authority's responsibilities related to the Children's Hospital Program established pursuant to Part 6 (commencing with Section 1179.51) of Division 1 of the Health and Safety Code.

Authority and Reference

Authority: Sections 1179.55 , 1179.57 and 1179.61 of the Health and Safety Code.

Reference: Division 1, Sections 1179.50 through 1179.72 of the Health and Safety Code. These regulations implement, interpret and make specific Section 1179.50 through Section 1179.72 of the Health and Safety Code as approved by voters on November 4, 2008 .

Informative Digest/Policy Statement Overview

The California Health Facilities Financing Authority (the "Authority") is organized and operating pursuant to Sections 15430 through 15462.5 of the California Government Code. The Children's Hospital Bond Act of 2008 (the "Act"), passed by the voters on November 4, 2008 charged the Authority with implementing a \$980 million grant program funded by general obligation bonds for California children's hospitals (the "Program"). With the passage of the Act, the voters recognized the need to increase and expand the health care services provided by these hospitals to California's critically ill children. The Authority seeks to establish Sections 7051 through 7071 , to the Regulations in order to implement, interpret, and make specific Division 1, Section 1179.50 of the Health and Safety Code.

Existing law authorizes the Authority to award grants to an eligible participating general acute care hospital for purposes of financing capital outlay projects and requires the Authority to develop evaluation criteria and a process for awarding grants. Existing law requires the Authority to develop a written application for the awarding of grants within 90 days of the adoption of existing law. It also requires grants to be awarded within 60 days from receipt of an application for funds. Existing law requires the Authority to take into account several specified factors when selecting grantees and determining grant amounts.

These regulations would implement the above described statutory requirements within the required timeframes. The Children's Hospital Program of 2008 Grant Application Form, The Children's Hospital Overview and Instructions for Grant Application Form, and Legal Status Questionnaire are incorporated by reference.

The purpose of these provisions is to improve the health and welfare of California's critically ill children, by providing a stable and ready source of funds for capital improvement projects for children's hospitals.

**Other Matters Prescribed by Statutes Applicable
To the Specific State Agency or to any
Specific Regulation or Class of Regulations**

No other matters prescribed by statute are applicable to the Authority or to any specific regulation or class of regulations pursuant to 11346.5(a)(4) of the Government Code pertaining to the proposed regulations or to the Authority.

Mandate on Local Agencies or School Districts

The Authority has determined that the Regulations do not impose a mandate on local agencies or school districts.

Fiscal Impact

The Executive Director of the Authority has determined that the regulations do not impose any additional cost or savings requiring reimbursement under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the California Government Code, any other non-discretionary cost or savings to any local agency or any cost or savings in federal funding to the State. Pursuant to the State Administrative Manual Section 6680, a Fiscal Impact Statement (Form 399) is submitted without the signature of a Project Budget Manager at the Department of Finance, as there are no fiscal impact disclosures required by State Administrative Manual Sections 6600-6670. There will be no cost or savings to any State Agency pursuant to Government Code Section 11346.1(b) or 11346.5(a)(6).

**Initial Determination Regarding any Significant,
Statewide Adverse Economic Impact Directly Affecting Business**

The Authority has made an initial determination that the Regulations will not have any significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

Effect on Small Businesses

The Authority has determined that the adoption of the Regulations will not affect small business. Its purpose is to interpret and implement those portions of the Program that are the Authority's responsibility. The Program is a grant program available to children's hospitals to develop children's hospital facilities.

Cost Impacts

The Authority is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Assessment of Effect on Jobs and Business Expansion, Elimination or Creation

The Authority has determined, pursuant to Government Code section 11346.3(b), that the Regulations will not have an effect on jobs and business expansion, elimination or creation.

Cost Impact on Housing

The Regulations will not have any effect on housing costs.

Reasonable Alternatives

In accordance with Government Code Section 11346.5(a)(13), the Authority must determine that no reasonable alternative to the Regulations considered by the Authority or that has otherwise been identified and brought to the attention of the Authority would be more effective in carrying out the purpose for which the Regulations are proposed or would be as effective and less burdensome to affected private persons than the Regulations.

The Authority invites interested persons to present statements with respect to alternatives to the Regulations during the written comment period.

Agency Contact Person

Written comments, inquiries and any questions regarding the substance of the Regulations shall be submitted or directed to:

Ronald Washington, Deputy Executive Director
California Health Facilities Financing Authority
915 Capitol Mall, Suite 590
Sacramento, CA 95814
(916) 653-2408

The following person is designated as a backup contact person for inquiries only regarding the Regulations:

Barry Scarff, Treasury Program Manager
State Treasurer's Office
(916) 654-5711

Written Comment Period

Any interested person, or his or her authorized representative, may submit written comments relevant to the Regulations to the Authority. The written comment period on the Regulations will end at 5:00 p.m. on April 21, 2009. All comments must be submitted in writing to the Agency Contact Person identified in this Notice by that time for them to be considered by the Authority. In the event that changes are made to the Regulations during the written comment period, the Authority will also accept additional written comments limited to any changed or modified Regulations for 15 calendar days after the date on which such Regulations, as changed or modified are made available to the public pursuant to Title 1, Chapter 1, Section 44 of the California Code of Regulations. Such additional written comments should be addressed to the Agency Contact Person identified in this Notice.

Availability of Initial Statement of Reasons, Rulemaking File and Express Terms of Proposed Regulations

Pursuant to the California Government Code, the Authority has established a rulemaking file for this regulatory action, which contains those items required by law. The file is available for inspection at the Authority's office at 915 Capitol Mall, Sacramento during normal business hours. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this Notice, the Initial Statement of Reasons, and the proposed text of the Regulations. Copies of these items are available upon request, from the Agency Contact Person designated in this Notice. This address will also be the location for inspection of the rulemaking file and any other public records, including reports, documentation and other materials related to this proposed regulatory action. In addition, the rulemaking file, including the Initial Statement of Reasons and the proposed text, may be viewed on the Authority's website at <http://www.treasurer.ca.gov/chffa>.

Public Hearing

No public hearing regarding the Regulations has been scheduled. Anyone wishing a public hearing must submit a request in writing, pursuant to Section 11346.8 of the Government Code, to the Authority at least 15 days before the end of the written comment period. Such request should be addressed to the Agency Contact Person identified in this Notice and should specify the Regulations for which the Hearing is being requested.

15-Day Availability of Changed or Modified Text

After the written comment period ends and following a public hearing, if any is requested, the Authority may adopt the Regulations substantially as described in this Notice, without further notice. If the Authority makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public (including through the Authority's website described above) for at least fifteen (15) calendar days before the Authority adopts the proposed Regulations, as modified. Inquiries about and requests for written copies of any changed or modified regulations should be addressed to the Agency Contact Person identified in this Notice.

Availability of Final Statement of Reasons

The Authority is required to prepare a Final Statement of Reasons pursuant to Government Code section 11346.9. Once the Authority has prepared a Final Statement of Reasons, a copy will be made available to anyone who requests a copy and will be available on the Authority's website described above. Written requests for copies should be addressed to the Agency Contact Person identified in this Notice.